

## About The Taxpayer Relief Act

---

The Taxpayer Relief Act, Act 1 of Special Session 1 of 2006, was signed into on June 27, 2006. The Taxpayer Relief Act provides for property tax reduction allocations to be distributed by the Commonwealth to each school district. Property tax reduction will be through a “homestead or farmstead exclusion.” Generally, most owner occupied homes and farms are eligible for property tax reduction. Only a primary residence is eligible for property tax relief.

### Homestead Definition

---

Under law, a homestead is defined as dwelling, including the parcel of land on which the dwelling is located and the other improvements located on the parcel for which any of the following apply:

1. The dwelling is primarily used as the domicile of an owner who is a natural person. The homestead for real property qualifying under this paragraph shall not include the land on which the dwelling is located if the land is owned by a person other than the person who owns the dwelling.
2. The dwelling is a unit in a condominium as the term is defined in Section 3103 of Title 68 of the Pennsylvania Consolidated Statutes and the unit is primarily used as the domicile of a natural person who is an owner of the unit; or the dwelling is a unit in a cooperative as the term is defined in Section 4103 of Title 68 of the Pennsylvania Consolidated Statutes and the unit is primarily used as the domicile of a natural person who is an owner of the unit. The homestead for a unit in a condominium or a cooperative shall be limited to the assessed value of the unit, which shall be determined in a manner consistent with the assessment of real property taxes on those units under Title 68 of the Pennsylvania Consolidated Statutes or as otherwise provided by law. If the unit is not separately assessed for real property taxes, the homestead shall be a pro rata share of the real property.
3. The dwelling does not qualify under the criteria listed above and a portion of the dwelling is used as the domicile of an owner who is a natural person. The homestead for real property qualifying under this paragraph shall be the portion of the real property that is equal to the portion of the dwelling that is used as the domicile of an owner.

A farmstead is defined as all buildings and structures on a farm not less than ten contiguous acres in area, not otherwise exempt from real property taxation or qualified for any other abatement or exclusion pursuant to any other law, that are used primarily to produce or store any farm product produced on the farm for purposes of commercial agricultural production, to house or confine any animal raised or maintained on the farm for the purpose of commercial agricultural production, to store any agricultural supply to be used on the farm in commercial agricultural production or to store any machinery or equipment used on the farm in commercial agricultural production. This term shall only apply to farms used as the domicile of an owner.

## Homestead or Farmstead Exclusion

---

Under a homestead or farmstead property tax exclusion, the assessed value of each homestead or farmstead is reduced by the same amount before the property tax is computed. Homeowners are not guaranteed a homestead or farmstead exclusion unless and until an additional income tax for purposes of granting a homestead or farmstead exclusion is approved by voter referendum or sufficient funds have been collected to permit property tax reduction allocations to be made by the Commonwealth.

## Filing Deadline

---

To receive school property tax relief for tax years beginning July 1 or January 1, an application for homestead or farmstead exclusions must be filed by the preceding March 1. School districts are required to notify homeowners by December 31 of each year if their property is not approved for the homestead or farmstead exclusion or if their approval is due to expire.

The March 1 application deadline for property tax relief is set in the Homeowner Tax Relief Act (Section 341 of Act 72 of 2004).

## For More Information

---

Read more: <http://www.newpa.com/local-government/property-tax-relief-homestead-exclusion/#ixzz46qZNArPZ>